

**Exhibit C to Ordinance No. 731  
Mogollon Ridge / Flowing Wells**

Our approach to providing workforce housing is to develop programs unique to the private sector and to participate in the various financing programs offered by traditional institutions and private sector investment groups.

In terms of the more traditional approaches, we plan to utilize the Mortgage Revenue Bond Program. This program assists first-time home buyers. It provides 30 year fixed rate mortgages at below market rates for those buyers who qualify for FHA, VA, Fannie Mae and Freddie Mac conventional loans. Discount points cannot exceed 1%. This type of loan can be combined with the Arizona Department of Housing Down Payment and Closing Cost Assistance program.

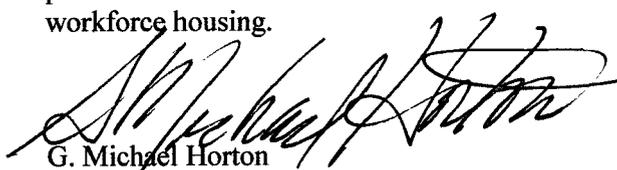
We will also participate in the Mortgage Credit Certificate program for first time home buyers. In this program the borrower receives a 20% tax credit of the annual interest paid or accrued on his mortgage loan. Gila County is one of the target areas for this type of program.

In addition to the programs mentioned above, we are developing, in conjunction with a private investment group, a program that will be a shared equity program. We will be expending substantial legal fees and time to develop a program that meets the investment objectives of the investors and meets the financial needs of prospective homeowners. Guidelines to be developed are the mortgage structures, how equity is to be shared and for how long, what happens at resale, when is resale allowed, yield to the investors and how is that yield paid, what happens in an inflationary or deflationary economic cycle, how long must an individual remain in the home, how long will the home remain in the specialized program, how will the program be managed and monitored, who is the target market and how is it defined, how can this program work with the other institutional programs, how does such a program impact private property rights, how does such a program impact an individual's ability to build wealth with the equity in his home, and how does this private program interface with the Town's affordable housing needs and programs.

One approach currently under discussion is that a part of the purchase price would be paid by the investor group and at time of resale the portion of the purchase price paid by the investor would be repaid plus some percentage of the increase in value at the time of sale. Additionally, a private investor might provide a low or deferred interest loan and then participate in the increased equity at time of sale. Neither of these approaches is totally original, but a private sector approach will provide more flexibility in meeting market fluctuations.

As we develop the various financing programs, we will provide the Town with the information and structures as we develop them. We anticipate that there should be substantial potential to both interface and integrate our programs with the Town's.

As discussed at the February 28, 2008 Housing Advisory Commission meeting, Workforce Housing Coalition, LLC agrees to make four units in the Flowing Wells subdivision affordable to families at 130% or less of area median income (currently \$59,410 for a family of four) and that the private shared equity documents we develop be provided to the Housing Advisory Commission in a timely manner with periodic updates. Further, that the Housing Advisory Commission and the Town of Payson have our permission to make use of these documents to further their purpose of encouraging affordable and workforce housing.

  
G. Michael Horton  
Managing Member  
Workforce Housing Coalition, LLC

Addendum To: MAR 06 2008 G.2